

Message Text

SECRET

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ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 SCS-03 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 M-03 A-01 SY-10 USSS-00 OMB-01 AID-20

EB-11 SCA-01 RSR-01 /155 W
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R 021205 Z MAY 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1922

INFO AMEMBASSY AMMAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TELAVIV

USMISSION NATO

USMISSION UN

AMEMBASSY ROME

S E C R E T BEIRUT 5015

EO 11652: GDS

TAGS: PFOR PINS US SY LE

SUBJECT: ITALIANS PROTEST SYRIAN PRESS ACCUSATIONS OF US
COMPLICITY IN ISRAELI RAID ON BEIRUT

REF: ROME 3381

1. CARDILLI, IN VISIT BEIRUT APR 27, OUTLINED TO US
DETAILS OF HIS DEMARCHE TO SHOEFI AS REPORTED REFTTEL.
FOLLOWING ADDITIONAL POINTS HE GAVE US WHICH ARE
PRINCIPALLY QUESTIONS OF EMPHASIS.

2. SHOEFI STATED SARG HAD COMPLETELY ACCEPTED
PREVIOUS DENIAL AS MADE BY ITALIANS THAT USG HAD ANY
INVOLVEMENT WITH ISRAELIS IN ISRAELI RAID ON BEIRUT.
UNSC DEBATE REVERSED THIS SITUATION SINCE IT CLEARLY
REVEALED USG WAS NOT ONLY ALLIED ECONOMICALLY,
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MILITARILY AND DIPLOMATICALLY WITH ISRAEL BUT WAS, IN FACT, A MERCENARY OF THAT GOVERNMENT.

3. IN REPLY CARDILLI'S INSISTENCE, SHOEFI PROMISED TO ADVISE HIM WHAT WAS ACTUAL VIEW OF SARG ON THIS SUBJECT SINCE SHOEFI HAD MADE POINT THAT APRIL 25 ARTICLE WAS BUT VIEW OF THE PARTY WHICH DID NOT NECESSARILY COINCIDE WITH SARG'S POLICY.

4. IN CARDILLI'S PRESENCE SHOEFI TELEPHONED EDITOR OF "AL BAATH" TO ADVISE OF CARDILLI DEMARCHE. SINCE EDITOR WAS NOT THERE, HOWEVER, SHOEFI DID AGREE NOT ONLY PASS ON CARDILLI'S VIEWS BUT ACCEPTED CARDILLI'S WRITING UNDERGONE REVOLUTION UPWARDS IN COURSE OF FIVE YEARS OF UNINTERRUPTED BOOM. THEY WILL BE NO LESS STRONG AT END
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OF 1973, WE PRESUME.

8. EFFECT OF FOREGOING ON ECONOMIC POLICY MAKING CANNOT BE PREDICTED WITH ASSURANCE; BUT IT AT LEAST RAISES PROSPECT THAT GOI(S ABILITY TO ACT TO RESTRAIN GROWTH IN DISPOSABLE INCOMES IS MUCH LESS THAN IS BEING ASSUMED. TWO FURTHER FACTORS NEEDED TO BE ADDED IN: (A) BEN-AHARON'S POSITION WITH LABORING MAN REMAINS STRONG. HE HAS OUTMANEUVERED SAPIR RECENTLY, AND MAY BE ABLE TO DO SO AGAIN. IF HIS PREFERRED POLICY IS "WAR ECONOMY" WHICH WOULD SOAK THE RICH (MAINLY MANUFACTURERS WHO HAVE ALLEGEDLY BEEN PROFITEERING FROM INFLATION), HIS NEXT-BEST IS TO GET FOR WORKERS AS MUCH AS HE CAN. (B) SAPIR HAS BEEN ACTING LIKE CANDIDATE FOR HIGHER OFFICE FOR SOME TIME. UNPOPULAR AND WELL AWARE OF IT, SAPIR MAY RECKON THAT HE CANNOT AFFORD TO CLAMP DOWN NEXT YEAR, ESPECIALLY IF USG SEEMS READY TO OBIVIATE THIS UNPLEASANT NECESSITY FOR HIM.

9. WE MAY SAFELY ANTICIPATE SOME ACTION TO CHECK INFLATIONARY SPIRAL, BUT WE WONDER HOW EFFECTIVE THIS WILL BE. BOLDNESS HAS BEEN AT DISCOUNT SINCE RECESSION OF 1965-67 WAS PRECIPITATED BY GOVT SLAMMING TOO HARD ON BRAKES; SAPIR TOOK BLAME FOR THIS AND HAS BEEN GUN-SHY EVER SINCE. MOREOVER, DEPENDENCE OF PROSPERITY OF OCCUPIED TERRITORIES ON EMPLOYMENT IN ISRAEL IS GENERALLY KNOWN. IF ECONOMIC SLOWDOWN SHOULD REALLY OCCUR, ARAB WORKERS FROM TERRITORIES WOULD PRESUMABLY BE DISMISSED BEFORE ISRAELIS. ON THEORY THAT IDLE HANDS DO DEVIL'S WORK, MANY ISRAELIS WOULD WANT TO THINK TWICE BEFORE TAKING TOO VIGOROUS ACTION TO CHECK INFLATION.

10. OUTLOOK THEN IS FOR CONTINUED EFFORTS DURING REST OF 1973 TO NIBBLE AWAY AT EDGES OF INFLATION TO GENTLE IT DOWN. QUESTION ARISES WHETHER THIS IS WAY YOU STOP INFLATION OF 18 PERCENT

PER YEAR.
ZURHELLEN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** SECRET

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PFOR PINS US SY LE
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BEIRUT05015
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730533/aaaahkck.tel
Line Count: 119
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 73 ROME 3381
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 02 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Aug-2001 by shawdg>; APPROVED <18-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971117
Subject: ITALIANS PROTEST SYRIAN PRESS ACCUSATIONS OF US COMPLICITY IN ISRAELI RAID ON BEIRUT
TAGS: PINS, n/a
To: AMMAN
LONDON
NATO
NEA
PARIS
ROME
SECSTATE WASHDC

TEL AVIV

UN

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005